

JUDGE ROBINSON

ROBERT W. PHELAN (RP-3825)
COZEN O'CONNOR
ATTORNEYS FOR PLAINTIFF
45 BROADWAY ATRIUM, SUITE 1600
NEW YORK, NEW YORK 10006
212-509-9400

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

-----X

LIBERTY MUTUAL FIRE INSURANCE COMPANY, :
a/s/o Constance Leidy :
Plaintiff :

v. : JURY TRIAL DEMANDED

PET SUPPLY IMPORTS, INC. :
Defendants. :

-----X

RULE 7.1 DISCLOSURE STATEMENT

Please check one box

- ☐ The nongovernmental corporate party, in the above listed civil action does not have any parent corporation and publicly held corporation that owns 10% or more of its stock.
- ☒ The nongovernmental corporate party, Liberty Mutual Fire Insurance Company, in the above listed civil action, is a subsidiary of Liberty Mutual Holding Company, Inc. [See Exhibit "A"]

8/26/08

Date



Robert W. Phelan, Esquire

Counsel for: Liberty Mutual Fire Insurance Company

Federal Rule of Civil Procedure 7.1 Disclosure Statement

(a) WHO MUST FILE: NONGOVERNMENTAL CORPORATE PARTY. A nongovernmental corporate party to an action or proceeding in a district court must file two copies of a statement that identifies any parent corporation and any publicly held corporation that owns 10% or more of its stock or states that there is no such corporation

(b) TIME FOR FILING: SUPPLEMENTAL FILING. A party must:

- (1) file the Rule 7.1(a) statement with its first appearance, pleading, petition, motion, response or other request addressed to the court, and**
- (2) promptly file a supplemental statement upon any change in the information that the statement requires.**

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RATING RATIONALE

For a detailed discussion of the rating rationale, refer to the report of Liberty Mutual Insurance Companies.

Best's Rating: A r

Outlook: Stable

FIVE YEAR RATING HISTORY

Rating as of July 23, 2007: A r

Date	Best's Rating	Date	Best's Rating
02/28/07	A r	06/17/04	A r
01/25/06	A r	03/07/03	A r

KEY FINANCIAL INDICATORS (\$000)

Statutory Data							
Period Ending	Direct Premiums Written	Net Premiums Written	Pretax Operating Income	Net Income	Total Admitted Assets	Policyholders' Surplus	
2002	50,695	...	155	101	5,116	5,112	
2003	56,822	...	83	108	5,430	5,427	
2004	76,263	...	126	82	5,555	5,509	
2005	72,021	...	161	95	5,668	5,605	
2006	66,658	...	214	149	5,771	5,754	
Profitability							
Period Ending	Comb. Ratio	Inv. Yield (%)	Pretax ROR (%)	NA Inv Lev	NPW to PHS	Net Lev.	Overall Liq. (%)
2002	...	3.0	...	...	...	0.0	999.9
2003	...	1.8	...	...	...	0.0	999.9
2004	...	2.3	...	...	...	0.0	999.9
2005	...	2.9	...	...	...	0.0	999.9
2006	...	3.8	...	...	...	0.0	999.9
5-Yr	...	2.8	0.0	...	...	...	...

(*) Data reflected within all tables of this report has been compiled from the company-filed statutory statement. Within several financial tables of this report, this company is compared against the Property Composite.

BUSINESS REVIEW

For a detailed discussion of business review, refer to the report of Liberty Mutual Insurance Companies.

Direct Premium Writings By Product Lines: Direct Premiums written at the last year end totaled (\$000) \$66,658, and were distributed as follows: Homeowners, \$62,133; Allied Lines, \$3,006; All Other, \$1,520.

Major 2006 Direct Premium Writings by State (\$000): Texas, \$66,658 (100.0%).

CAPITALIZATION

For a detailed discussion of capitalization, refer to the report of Liberty Mutual Insurance Companies.

HISTORY

The company was organized in the state of Texas on January 5, 2000 and commenced business on June 6, 2000. The current paid up capital is \$2,500,000.

MANAGEMENT

The company's business and operations are managed by Berkeley Management Corporation, which is wholly owned by Liberty Mutual Insurance Company.

Officers of the Atty-in-Fact: Chairman of the Board and Chief Executive Officer, James P. Condren III; President, Michael J. Reid; Senior Vice President and Chief Financial Officer, Margaret Dillon; Senior Vice President and General Counsel, Christopher C. Mansfield; Senior Vice President, Alan R. Ledbetter; Vice President, Gary J. Ostrow; Secretary, Dexter R. Legg; Treasurer, Laurance H. Soyer Yahia.

Directors: James P. Condren III, Margaret Dillon, Dennis J. Langwell, Alan R. Ledbetter, Christopher C. Mansfield.

REGULATORY

An examination of the financial condition was made as of December 31, 2002 by the Insurance Department of Texas. The 2006 annual independent audit of the company was conducted by Ernst & Young, LLP. The annual statement of actuarial opinion is provided by Roy K. Morell, FCAS, MAAA, VP and Senior Actuary, Liberty Mutual Insurance Company.

Territory: The company is licensed in Texas.

ADMITTED ASSETS (\$000)

	12/31/06	12/31/05	'06%	'05%
Bonds	4,503	4,509	78.0	79.6
Cash & short-term invest	1,208	1,100	20.9	19.4
Total invested assets	5,711	5,609	99.0	99.0
Accrued interest	60	59	1.0	1.0
Total assets	5,771	5,668	100.0	100.0

LIABILITIES & SURPLUS (\$000)

	12/31/06	12/31/05	'06%	'05%
All other liabilities	17	63	0.3	1.1
Total liabilities	17	63	0.3	1.1
Capital & assigned surplus	5,000	5,000	86.6	88.2
Unassigned surplus	754	605	13.1	10.7
Total policyholders' surplus	5,754	5,605	99.7	98.9
Total liabilities & surplus	5,771	5,668	100.0	100.0

SUMMARY OF 2006 OPERATIONS (\$000)

	12/31/06	Funds Provided from Operations	12/31/06
Statement of Income			
Net investment income	214	Investment income	218
Pre-tax oper income	214	Pre-tax cash operations	218
Income taxes incurred	64	Income taxes pd (recov)	76
Net income	149	Net oper cash flow	142

Liberty Mutual Insurance Companies

Ultimate Parent: Liberty Mutual Holding Company Inc.
LIBERTY MUTUAL FIRE INSURANCE COMPANY

Wausau, WI

175 Berkeley Street, Boston, MA 02117

Web: www.libertymutual.com

Tel: 617-357-9508

AMB#: 02282

Ultimate Parent#: 51114

Fax: 617-574-5955

NAIC#: 23035

FEIN#: 04-1924006

BEST'S RATING

Based on our opinion of the consolidated Financial Strength of the members of Liberty Mutual Insurance Companies, which operate under a business pooling arrangement, each pool member is assigned a Best's Rating of A (Excellent). The company is assigned the Financial Size Category of Class XV, which is the Financial Size Category of the pool. Refer to the Preface for a complete explanation of Best's Rating system and procedure.

RATING RATIONALE

For a detailed discussion of the rating rationale, refer to the report of Liberty Mutual Insurance Companies.

Best's Rating: A p

Outlook: Stable

FIVE YEAR RATING HISTORY

Rating as of July 23, 2007: A p

Date	Best's Rating	Date	Best's Rating
02/28/07	A p	06/17/04	A p
01/25/06	A p	03/07/03	A p

KEY FINANCIAL INDICATORS (\$000)

Statutory Data						
Period Ending	Direct Premiums Written	Net Premiums Written	Pretax Operating Income	Net Income	Total Admitted Assets	Policyholders' Surplus
2002	4,516,555	841,713	78,548	79,697	2,664,136	701,778
2003	4,976,204	922,940	20,561	72,680	2,560,603	551,230
2004	5,633,437	992,878	14,338	34,626	2,774,089	672,745
2005	5,842,493	1,059,609	22,473	22,087	3,016,812	829,974
2006	6,493,295	1,186,413	73,637	52,992	3,420,760	913,531

To view a company's complete BEST'S COMPANY REPORT, refer to BEST'S INSURANCE REPORTS on CD-ROM, or go online at www.ambest.com/blr

2377

Period Ending	Comb. Ratio	Yield (%)	Pretax ROR (%)	NA Inv Lev	NPW to PHS	Net Lev.	Overall Liq. (%)	Oper. Cash-flow (%)
2002	108.2	7.7	9.9	60.0	1.2	4.0	135.8	100.8
2003	108.7	6.3	2.3	77.5	1.7	5.3	127.4	115.4
2004	107.5	5.2	1.5	62.1	1.5	4.6	132.0	105.4
2005	107.4	4.9	2.2	54.5	1.3	3.9	138.0	111.2
2006	102.5	4.7	6.5	58.8	1.3	4.0	136.4	125.8
5-Yr	106.6	5.7	4.4	...	...	...	...	...

(*) Data reflected within all tables of this report has been compiled from the company-filed statutory statement. Within several financial tables of this report, this company is compared against the Commercial Casualty Composite.

BUSINESS REVIEW

For a detailed discussion of business review, refer to the report of Liberty Mutual Insurance Companies.

2006 BUSINESS PRODUCTION AND PROFITABILITY (\$000)

Product Line	Premiums Written		% of Total NPW	Pure Loss Ratio	Loss & LAE Res.
	Direct	Net			
Workers' Comp	844,801	391,727	33.0	71.1	987,552
Priv Pass Auto Liab	1,633,279	218,665	18.4	57.6	235,174
Homeowners	1,354,541	159,138	13.4	50.9	40,500
Auto Physical	1,186,165	117,574	9.9	52.2	2,069
Oth Liab Occur	380,190	65,533	5.5	65.6	250,755
Comm'l Auto Liab	370,950	49,058	4.1	44.3	71,363
Inland Marine	38,544	35,272	3.0	87.0	8,331
Fire	352,753	28,881	2.4	37.2	10,808
Com'l MultiPeril	38,750	25,811	2.2	90.5	40,597
Surety	7,585	24,319	2.0	20.8	11,447
Allied Lines	144,015	10,158	0.9	103.0	7,139
All Other	141,723	60,278	5.1	53.9	176,980
Totals	6,493,295	1,186,413	100.0	61.2	1,842,715

Major 2006 Direct Premium Writings by State (\$000): New York, \$815,625 (12.6%); California, \$634,146 (9.8%); New Jersey, \$611,095 (9.4%); Florida, \$504,359 (7.8%); Pennsylvania, \$287,212 (4.4%); 49 other jurisdictions, \$3,641,597 (56.1%); Canada, \$-9 (0.0%); Aggregate Alien, \$-730 (0.0%).

CAPITALIZATION

For a detailed discussion of capitalization, refer to the report of Liberty Mutual Insurance Companies.

CAPITAL GENERATION ANALYSIS (\$000)

Period Ending	Source of Surplus Growth					PHS Growth (%)
	Pretax Operating Income	Total Inv. Gains	Net Contrib. Capital	Other, Net of Tax	Change in PHS	
2002	78,548	-85,523	-81,647	-26,068	-114,690	-14.0
2003	20,561	90,054	-283,309	22,146	-150,548	-21.3
2004	14,338	32,670	75,000	-494	121,515	22.0
2005	22,473	20,538	100,000	14,219	157,230	23.4
2006	73,637	29,683	...	-19,764	83,556	10.1
5-Yr	209,556	87,422	-189,956	-9,961	97,062	...

HISTORY

This company was incorporated October 31, 1908 under the laws of Massachusetts as the United Druggists Mutual Fire Insurance Company. The word "Druggists" was deleted from its title in 1918. The present name was adopted on December 15, 1949.

At a Special Meeting on November 9, 2001, policyholders voted in favor of a plan to reorganize Liberty Mutual Fires Insurance Company into a mutual holding company structure. This was part of a series of transactions designed to bring two of Liberty Mutual Fire Insurance Company's affiliates, namely, Liberty Mutual Insurance Company and Employers Insurance Company of Wausau, under a single mutual holding company structure, namely Liberty Mutual Holding Company, Inc. These transactions were completed in the first quarter of 2002. On December 22, 2005, the company redomesticated from Massachusetts to Wisconsin.

MANAGEMENT

Administration of affairs is under the guidance of experienced insurance executives, the majority of whom have spent the greater part of their business careers with the Liberty Mutual Group.

Officers: Chairman of the Board, President and Chief Executive Officer, Edmund F. Kelly; Executive Vice President and Chief Investment Officer, Anthony A. Fontanes; Executive Vice Presidents, J. Paul Condren III, Gary R. Gregg, David H. Long, Thomas C. Ramey; Senior Vice President and Chief Financial Officer, Dennis J. Langwell; Senior Vice President and Chief

Information Office, Sharon M. McGuire, Senior Vice President and General Counsel, Christopher C. Mansfield, Senior Vice Presidents, Helen E. Sayles, Stephen G. Sullivan, Vice President and Secretary, Dexter R. Legg, Vice President and Treasurer, Laurance H. Soyer, Vice President and Actuary, Robert T. Muleski, Vice President and Comptroller, John D. Doyle.

Directors: John P. Condren III, Anthony A. Fontanes, Edmund F. Kelly (Chairman), Dennis J. Langwell, David H. Long, Christopher C. Mansfield, Thomas C. Ramey.

REGULATORY

An examination of the financial condition was made as of December 31, 2004 by the Insurance Department of Massachusetts. The 2006 annual independent audit of the company was conducted by Ernst & Young, LLP. The annual statement of actuarial opinion is provided by Robert T. Muleski, FCAS, MAAA, VP and Corporate Actuary, Liberty Mutual Insurance Company.

Territory: The company is licensed in the District of Columbia, Guam, Puerto Rico, U.S. Virgin Islands and all states. It is also licensed in all Canadian provinces and territories.

REINSURANCE PROGRAMS

For a detailed discussion of reinsurance, refer to the report of Liberty Mutual Insurance Companies.

BALANCE SHEET

ADMITTED ASSETS (\$000)

	12/31/06	12/31/05	'06%	'05%
Bonds	2,176,449	2,106,523	63.6	69.8
Preferred stock	22,502	4,520	0.7	0.1
Common stock	202,343	165,869	5.9	5.5
Cash & short-term invest	176,044	53,796	5.1	1.8
Other non-affil inv asset	175,951	100,822	5.1	3.3
Investments in affiliates	69,656	43,168	2.0	1.4
Total invested assets	2,822,945	2,474,698	82.5	82.0
Premium balances	427,174	347,322	12.5	11.5
Accrued interest	23,137	21,355	0.7	0.7
All other assets	147,504	173,437	4.3	5.7
Total assets	3,420,760	3,016,812	100.0	100.0

LIABILITIES & SURPLUS (\$000)

	12/31/06	12/31/05	'06%	'05%
Loss & LAE reserves	1,842,715	1,711,688	53.9	56.7
Unearned premiums	468,377	419,930	13.7	13.9
All other liabilities	196,138	55,219	5.7	1.8
Total liabilities	2,507,230	2,186,838	73.3	72.5
Capital & assigned surplus	308,225	303,727	9.0	10.1
Unassigned surplus	605,305	526,247	17.7	17.4
Total policyholders' surplus	913,531	829,974	26.7	27.5
Total liabilities & surplus	3,420,760	3,016,812	100.0	100.0

SUMMARY OF 2006 OPERATIONS (\$000)

Statement of Income	12/31/06	Funds Provided from Operations		12/31/06
		Operations		
Premiums earned	1,137,141	Premiums collected		1,103,873
Losses incurred	694,869	Benefit & loss related costs		524,872
LAE incurred	173,540			
Undrw expenses incurred	304,564	LAE & undrw expenses paid		444,146
Div to policyholders	5,103	Div to policyholders		4,850
Net underwriting income	-40,935	Undrw cash flow		130,005
Net investment income	122,874	Investment income		119,729
Other income/expense	-8,303	Other income/expense		15,501
Pre-tax oper income	73,637	Pre-tax cash operations		265,235
Realized capital gains	6,404			
Income taxes incurred	27,049	Income taxes pd (recov)		11,022
Net income	52,992	Net oper cash flow		254,212

LIBERTY MUTUAL INSURANCE COMPANIES

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AMB#: 00060

BEST'S RATING

Based on our opinion of the group's Financial Strength, it is assigned a Best's Rating of A (Excellent). The group's Financial Size Category is